

**STATEMENT
OF
ANNUAL FINANCIAL AND OPERATING INFORMATION
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

**TOWN OF BLOOMING GROVE
ORANGE COUNTY, NEW YORK**

DATED: JUNE 1, 2018

**TOWN OF BLOOMING GROVE
ORANGE COUNTY, NEW YORK**

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Charles Quick

Darlana E. Decker, Town Clerk
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Nancy Glynn, Receiver of Taxes

* * *

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STATEMENT OF ANNUAL FINANCIAL AND OPERATING INFORMATION

TOWN OF BLOOMING GROVE ORANGE COUNTY, NEW YORK

The material set forth herein, including the cover page, has been prepared by the Town of Blooming Grove, Orange County, New York (the "Town", the "County", and the "State", respectively) in connection with its obligation to prepare and submit such material in accordance with its Continuing Disclosure Undertakings and the Official Statements having been prepared in connection with the sale and issuance of the following outstanding bond issues:

\$ 1,902,000 Various Purposes Serial Bonds - 2004
\$ 2,056,392 Various Purposes Serial Bonds - 2011

THE TOWN

There follows in this Statement a brief description of the Town, together with certain information concerning its economy and governmental organization, its indebtedness, current major revenue sources and expenditures and general and specific funds.

General Information

The Town, established in 1799, encompasses approximately 37 square mile and includes the Villages of Washingtonville and South Blooming Grove (the "Villages") and portions of three school districts. The Town is located in the south-eastern portion of the County and is approximately 60 miles north of Manhattan. The Town shares boarders with the following towns: Chester, Cornwall, Goshen, Hamptonburgh, Monroe, New Windsor and Woodbury. The Town is a suburban community and is primarily residential in nature.

The Town is responsible for providing most of the government services to its residents. Fire protection, refuse and sewer services are furnished by various special districts in the Town. Highway construction and the maintenance of roads is also a town function. In addition, recreation is provided and parks are maintained by the Town government. Other services performed at the Town level include: police protection, justice courts, property assessment, and tax collection, zoning administration and planning.

Public education is provided by three school districts: Washingtonville Central School District, Monroe-Woodbury Central School District and Chester Union Free School District. Students attend one of the three districts depending upon the area of the Town in which they reside. The school districts are independent of the Town and have separate taxing and debt authority.

Fire protection services are provided by Washingtonville Fire District, South Blooming Grove Fire District, Salisbury Mills Fire District and Chester Fire District.

Various banking facilities are available in the Town and adjacent areas. Key Bank, Sterling Bank, Manufacturers and Traders Trust Company and JPMorgan Chase Bank are all located within the general vicinity of the Town.

The County is responsible for providing social and mental health services to residents of the Town. In addition, the County operates a two year community college that offers associate degrees and certificates of study in various academic fields.

Elected and Appointed Officials

The Town Board is a legislative, appropriating, governing and policy determining body of the Town. The residents of the Town voted in November of 2016 to form a Ward System of government for the Town. The Town Board now consists of a representative from each of six wards and a Supervisor elected at large. The Supervisor and six Councilpersons serve two-year terms. There are no term limits. It is the responsibility of the Town Board to enact, by resolution, all legislation including ordinances and local laws. Annual operating budget for the Town must be approved by the Board on the recommendation of the Supervisor. The original issuances of all Town indebtedness is subject to approval by the Town Board.

The Supervisor is the chief executive and chief fiscal officer of the Town and is elected for a two-year term of office with the right of unlimited self-succession. In addition, the Supervisor is a full member of and presiding officer of the Town Board. Duties of the Supervisor include: the administration of the Town's daily functions, budget preparation and control, and debt management.

The Town Comptroller is appointed by the Town Board upon recommendation of the Supervisor, and serves at the pleasure of its body. Duties and responsibilities of this position include: maintaining the Town's accounting systems and records, preparing the annual report for the filing with the State Comptroller, assisting in the preparation of the annual budget, debt and cash management, and auditing vendor claims for payment.

The Town Clerk acts as the custodian of the Town's records as well as the clerk to the Town Board. Duties of this office include: record and maintain the minutes of the proceedings of the Town Board, issuing certain licenses and permits, and coordinating Town elections. The Town Clerk is elected to a two-year term and may serve an unlimited number of terms.

The Receiver of Taxes is elected to serve a four-year term of office. The number of terms is not limited by law. It is the responsibility of the Receiver of Taxes and Assessment to receive and collect county and town taxes, and all assessments levied or assessed in the Town.

The Town Assessor is appointed by the Town Board, on the Supervisor's recommendation, to serve a six year term. It is the Assessor's responsibility to appraise real property in the Town for the purpose of preparing and maintaining tax assessment rolls in the form prescribed by the State Board of Real Property Services. The State Board provides an advisory service to assist with the assessment of certain forested lands, public utilities or unusually complex properties. Assessment review procedures include examination of the tentative assessment roll in the Assessor's presence, a public hearing before an independent board of assessment review and, finally, judicial review in the State Supreme Court.

Employees

The Town employs approximately 88 employees: 56 full-time workers and 32 part-time workers. Certain employees are represented by the following collective bargaining organizations:

<u>Name of Union</u>	<u>Approximate Membership</u>	<u>Date Contract Expires</u>
International Brotherhood of Teamsters Local 445.....	18	December 31, 2017 ^a
Blooming Grove Police Benevolent Association.....	8	December 31, 2014 ^a
Blooming Grove Superior Officers Council	3	December 31, 2014 ^a

a. Currently in negotiations.

Selected Wealth and Income Indicators

	<u>Per Capita Money Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016^a</u>
Town of Blooming Grove	\$17,029	\$25,097	\$31,930	\$36,588
County of Orange	5,198	21,597	28,944	31,272
State of New York	6,501	23,389	30,791	34,212

	<u>Median Household Income</u>			
	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2016^a</u>
Town of Blooming Grove	\$50,570	\$66,040	\$85,967	\$93,467
County of Orange	44,039	60,355	69,523	71,910
State of New York	32,965	43,393	55,603	60,741

a. Based on American Community Survey 5-Year Estimates (2012-2016)
Source: United States Bureau of the Census

Population

<u>Year</u>	<u>Town of Blooming Grove</u>	<u>Orange County</u>	<u>State of New York</u>
1990	16,610	307,647	17,990,455
2000	17,351	341,367	18,976,457
2010	18,055	370,201	19,378,102
2016	17,773	376,242	19,697,457

Source: United States Bureau of the Census

Unemployment Rate Statistics

<u>Annual Averages:</u>	<u>County of Orange (%)</u>	<u>New York State (%)</u>
2014	5.8	6.4
2015	4.7	5.3
2016	4.2	4.9
2017	4.5	4.6
2018 (2 Months)	5.2	5.1

Source: New York State Department of Labor.

INDEBTEDNESS OF THE TOWN

Computation of Debt Limit and Calculation of Net Debt Contracting Margin (As of June 1, 2018)

Fiscal Year Ending <u>December 31:</u>	Assessed <u>Valuation</u>	State Equalization <u>Rate (%)</u>	Full <u>Valuation</u>
2014	\$279,546,458	19.20	\$1,455,971,135
2015	278,583,875	18.50	1,505,858,784
2016	279,091,648	18.80	1,484,530,043
2017	280,805,511	18.60	1,509,707,048
2018	282,879,055	18.85	<u>1,500,684,642</u>
Total Five Year Full Valuation			\$7,456,751,652
Average Five Year Full Valuation			1,491,350,330
Debt Limit - 7% of Average Full Valuation			104,394,523
Inclusions:			
Outstanding Bonds			<u>2,687,500</u>
Sub-Total			<u>2,687,500</u>
Bond Anticipation Notes for General Purposes			390,800
Bond Anticipation Notes for Water Purposes			<u>3,141,170</u>
Sub-Total			<u>3,531,970</u>
Total Inclusions			<u>6,219,470</u>
Exclusions:			
Bond Appropriations			188,500
Water Debt			3,141,170
Note Appropriations			<u>120,800</u>
Total Exclusions			<u>3,450,470</u>
Total Net Indebtedness			<u>2,769,000</u>
Net Debt Contracting Margin			<u><u>\$101,625,523</u></u>
Percent of Debt Limit Exhausted			2.65%

Details of Short-Term Indebtedness Outstanding
(As of June 1, 2018)

As of the date of this statements, the Town has bond anticipation notes outstanding in the amount of \$3,531,970 for various purposes.

Debt Service Requirements - Outstanding Bonds^a

Fiscal Year (Ending December 31:	<u>Principal</u>	<u>Interest^b</u>	<u>Total</u>
2018	438,500	105,639	544,139
2019	448,600	90,651	539,251
2020	303,700	78,148	381,848
2021	308,800	68,428	377,228
2022	318,900	58,148	377,048
2023	104,000	51,014	155,014
2024	65,000	47,356	112,356
2025	70,000	44,160	114,160
2026	70,000	40,829	110,829
2027	70,000	37,484	107,484
2028	75,000	34,008	109,008
2029	75,000	30,386	105,386
2030	80,000	26,619	106,619
2031	80,000	22,730	102,730
2032	80,000	18,841	98,841
2033	85,000	14,831	99,831
2034	85,000	10,699	95,699
2035	90,000	6,445	96,445
2036	90,000	2,129	92,129
	2,937,500	788,543	3,726,043

a. Does not reflect payments made to date in the current fiscal year.

b. Interest amount represents gross interest. Does not include subsidy received from the New York State Environment Facilities Corp.

Authorized but Unissued Indebtedness

As of the date of this Statement the Town has no authorized but unissued indebtedness outstanding.

Calculation of Estimated Overlapping and Underlying Indebtedness

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Percentage Applicable (%)</u>	<u>Applicable Total Indebtedness</u>	<u>Applicable Net Indebtedness</u>
County of Orange	06/26/2017	5.44	14,703,357	13,572,108
School Districts:				
Chester UFSD	06/30/2017	0.95	191,805	63,295
Monroe-Woodbury CSD	06/30/2017	5.59	2,318,096	695,429
Washingtonville CSD	06/30/2017	68.00	12,017,646	12,017,646
Villages:				
South Blooming Grove	06/01/2017	100.00	2,895,000	1,427,491
Washingtonville	02/28/2017	100.00	2,805,000	2,805,000
Totals			<u>\$34,930,904</u>	<u>\$30,580,969</u>

Debt Ratios

	<u>Amount</u>	<u>Per Capita^a</u>	<u>Percentage Of Full Value (%)^b</u>
Total Direct Debt	\$6,219,470	\$350	0.414
Net Direct Debt	2,769,000	156	0.185
Total Direct & Applicable Total Overlapping Debt	41,150,374	2,315	2.742
Net Direct & Applicable Net Overlapping Debt	33,349,969	1,876	2.222

a. The current estimated population of the Town is 17,773.

b. The full valuation of taxable real property for 2017-2018 is \$1,500,684,642.

FINANCES OF THE TOWN

Financial Statements and Accounting Procedures

The Town maintains its financial records in accordance with the Uniform System of Accounts for Towns prescribed by the State Comptroller. In addition, the financial affairs of the Town are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the Town has complied with the requirements of various State and Federal statutes. The financial statements of the Town are audited each year by an independent public accountant. The latest year for which an audit report is available is the fiscal year ending December 31, 2016. As required by law, the Town also prepares an Annual Financial Report Update Document ("AUD"), which is unaudited and not prepared in accordance with generally accepted accounting principles, for submission to the office of the State Comptroller. A copy of the Annual Financial Report Update Document for the fiscal year ending December 31, 2017 is attached as Appendix B. A summary of operating results is presented in Appendix A. The Town is in the process of preparing the 2017 audit and it is expected to be completed in the third quarter of 2018.

The Balance Sheets and Statements of Revenues, Expenditures and Changes in Fund Balances presented in Appendix A of this Statement are based on the Annual Financial Reports of the Town.

Fund Structure and Accounts

The Town utilizes fund accounting to record and report its various service activities. A fund represents both a legal and an accounting entity which segregates the transactions of specific programs in accordance with special regulations, restrictions or limitations.

There are three basic fund types: (1) governmental funds that are used to account for basic services and capital projects; (2) proprietary funds that account for operations of a commercial nature; and, (3) fiduciary funds that account for assets held in a trustee capacity. Account groups, which do not represent funds, are used to record fixed assets and long-term obligations that are not accounted for in a specific fund.

The Town presently maintains the following governmental funds: General Fund, Highway Fund and Special Districts Funds, and the Capital Projects Fund. Fiduciary funds consist of a Trust and Agency Fund. There are no proprietary funds. Account groups are maintained for fixed assets and long-term debt.

Basis of Accounting

The Town's governmental funds are accounted for on a modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become susceptible to accrual - that is, when they become "measurable" and "available" to finance expenditures to the current period. Revenues susceptible to accrual include real property taxes, intergovernmental revenues (State and Federal aid) and operating transfers.

Expenditures are generally recognized under the modified accrual basis of accounting that is when the related fund liability is incurred. An exception to this general rule is unmatured interest on general long-term debt which is recognized when due.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the Town is generally permitted to deposit moneys in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The Town may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) in the case of moneys held in certain reserve funds established by the Town pursuant to law, in obligations of the Town.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the Town, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML.

The Town Board has adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the Town are made in accordance with such policy.

Budgetary Procedures

The Town Board prepares a preliminary budget in the fall of each year and holds a public hearing thereon. Subsequent to the budget hearing, revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming calendar year. The budget is not subject to voter approval.

Financial Operations

The Town Supervisor functions as the chief fiscal officer as provided in Section 2 of the Local Finance Law; in this role, the Supervisor is responsible for the Town's accounting and financial reporting activities, which are delegated to and carried out by the Budget Officer. In addition, as the chief fiscal officer, the Supervisor must prepare the annual tentative budget for submission to the Town Board. Budgetary control during the year is the responsibility of the Supervisor. Pursuant to Section 30 of the Local Finance Law, the Supervisor has been authorized to issue or renew certain specific types of notes. As required by law, the Supervisor must execute an authorizing certificate which then becomes a matter of public record.

The Town Board, as a whole, serves as the finance board of the Town and is responsible for authorizing, by resolution, all material financial transactions such as operating and capital budgets and bonded debt.

Town finances are operated primarily through the General and Highway Funds. Real property taxes and most of the other Town revenues are credited to these funds. Current operating expenditures are also paid from these funds, subject to available appropriations. The Town also has water and sewer districts, which are accounted for within separate funds. The primary sources of income for these districts comes from charges to individual property owners for the various services. The Town's fiscal year runs from January 1 through December 31 for operating and reporting purposes.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller designates the Town as "No Designation". (Fiscal Score: 0%).

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

In addition, the Office of the State Comptroller helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released in April, 2015. The purpose of such audit was to review internal controls over the Town's cash receipts from recreational activities for the period January 1, 2013 to June 17, 2014. The complete report may be found on the State Comptroller's official website. Reference to this website implies no warranty of accuracy of information therein.

Revenues

The Town receives a significant portion of its revenues from non property (County Sales) taxes and assessments. A summary of revenues and other financing sources for the five most recently completed fiscal years may be found in Appendix A.

Real Property Taxes

See "Real Property Tax Information", herein.

State Aid

The Town received approximately 7.60% (unaudited) of its Combined General Fund operating revenue from State aid in 2017. There is no assurance, however, that State appropriations for aid to municipalities will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid and, in fact, the State has drastically reduced funding to municipalities and school districts in the last several years in order to balance its own budget.

The following table sets forth the percentage of the Town's Combined General Fund revenue comprised of State aid for each of the fiscal years 2013 through 2017.

<u>FYE Dec 31:</u>	<u>Total Revenue</u>	<u>State Aid</u>	<u>State Aid to Revenues (%)</u>
2013	6,936,273	182,470	2.63
2014	6,711,524	411,401	6.13
2015	6,845,255	178,091	2.60
2016	6,890,533	469,328	6.81
2017 (Unaudited)	7,117,314	540,702	7.60

Expenditures

The major categories of expenditure for the Town are General Government Support, Public Safety, Transportation, Economic Assistance and Opportunity, Home and Community Services, Culture and Recreation, Employee Benefits and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

Pension Systems

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS") or the State and Local Police and Fire Retirement System ("PFRS" and together with ERS, the "Retirement System"). The Retirement System is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement System offers a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service, except for "Tier 6" employees, as discussed below, whose benefits vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in the Retirement System are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is non-contributory with respect to members hired prior to July 27, 1976. All members hired on or after July 27, 1976 and before January 1, 2010 must contribute three percent of their gross annual salary towards the costs of retirement programs until

they attain ten years in the Retirement System, at which time member contributions cease. On December 10, 2009, a new Tier 5 was created, which was effective for new ERS employees hired on or after January 1, 2010. New ERS employees in Tier 5 contribute 3% of their salaries to the pensions. There is no provision for these contributions to cease for Tier 5 employees after a certain period of service.

Pension reform legislation changed the billing cycle for employer contributions to the ERS retirement system to match budget cycles of the Town. Under the previous method, the Town was not provided with required payment until after the budget was implemented. Under the reforms implemented, the employer contribution for a given fiscal year is based on the value of the pension fund on the prior April 1, instead of the following April 1. As a result, the Town is notified of and can include the actual cost of the employer contribution in its budget. Legislation also required a minimum payment of 4.5% of payroll each year, including years in which investment performance of the fund would make a lower employer contribution possible.

In addition, the pension payment date for all local governments was changed from December 15 to February 1 and permits the legislative body of a municipality to establish a retirement contribution reserve fund for the purpose of financing retirement contributions in the future. The New York State Retirement System has advised the Town that municipalities can elect to make employer contribution payments in December or the following February, as required. If such payments are made in the December prior to the scheduled payment date in February, such payments may be made at a discount amount.

On March 16, 2012, the new Tier 6 pension program was established, effective for new ERS and PFRS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

Members of the PFRS are divided into four tiers. The plans adopted for PFRS employees are noncontributory for Tier 1 and Tier 2 employees. PFRS members that were hired between July 1, 2009 to January 8, 2010 are currently in Tier 3, which has a 3% employee contribution rate by members. There is no Tier 4 in PFRS. PFRS members hired after January 9, 2010 are in Tier 5 which also requires a 3% employee contribution. PFRS members hired after April 1, 2012 are in Tier 6, which also originally has a 3% contribution requirement for members for fiscal year 2012-2013; however, as of April 1, 2013, Tier 6 PFRS members are required to contribute a specific percentage of their annual salary, as follows, until retirement or until the member has reached 32 years of service credit, whichever occurs first: \$45,000.00 or less contributes 3%; \$45,000.01 to \$55,000.00 contributes 3.5%; \$55,000.01 to \$75,000.00 contributes 4.5%; \$75,000.01 to \$100,000.00 contributes 5.75%; and more than \$100,000.00 contributes 6%.

Due to significant capital market declines in the past, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings. As a result of the foregoing, the employer contribution rate for the State's Retirement System continues to be higher than the minimum contribution rate established in the past. The State calculates contribution amounts based upon a five-year rolling average. As a result, contribution rates are expected to remain higher than the minimum contribution rates set by past legislation. To mitigate the expected increases in the employer contribution rate, various forms of legislation has been enacted that would permit local governments to borrow a portion of their required payments from the State pension plan.

The Town has not chosen to amortize any payments to the Retirement System.

The Town is required to contribute an actuarially determined rate. The Town's contributions made to the System were equal to 100% of the contributions required for each year. The required contributions for the five most recently completed fiscal years are as follows:

Contributions to the Retirement Systems

<u>FYE Dec 31:</u>	<u>ERS</u>	<u>PFRS</u>
2013	\$494,776	\$334,721
2014	467,220	337,157
2015	443,577	262,657
2016	402,141	271,167
2017	382,368	287,378
2018 (Budgeted)	373,272	279,105

Other Post Employment Benefits

It should be noted that the Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the Town, to account for post-retirement health care benefits in accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") described below requires such accounting. Although GASB 45 encourages earlier adoption, implementation is required by the following dates, based on the size of government measured by annual revenue:

Annual Revenue	Effective for Fiscal Year Ending After:
Greater than \$100 million	December 15, 2006
Between \$10 million and \$100 million	December 15, 2007
Less than \$10 million	December 15, 2008

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 45, OPEB costs were generally accounted for and managed as current expenses in the year paid and were not reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities in the same manner as they already account for pension liabilities. It requires them to adopt the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB Statement No. 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") is determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

<u>Annual OPEB Cost and Net OPEB Obligation</u>	<u>Fiscal Year Ended December 31, 2017</u>
Annual required contribution (ARC)	\$1,330,000
Interest on net OPEB obligation	160,000
Less: Adjustments to ARC	<u>(210,000)</u>
Annual OPEB cost (expense)	1,280,000
Less: Contributions made	<u>470,000</u>
Increase in net OPEB obligation	810,000
Net OPEB obligation-beginning of year	<u>3,490,000</u>
Net OPEB obligation-end of year	<u><u>\$4,300,000</u></u>

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years, if there are less than 200 members.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The Town derives a significant portion of its annual revenue through a direct real property tax.

The following table sets forth the percentage of the Town's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2013 through 2017 and budgeted for 2018.

<u>FYE Dec 31:</u>	<u>Total Revenue</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues (%)</u>
2013	6,936,273	4,310,789	62.15
2014	6,711,524	4,139,048	61.67
2015	6,845,255	4,280,725	62.54
2016	6,890,533	4,374,313	63.48
2017 (Unaudited)	7,117,314	4,459,488	62.66
2018 (Budget)	7,502,125	4,606,124	61.40

Tax Collection Procedure

Taxes are due January 1, payable without penalty to and including January 31. Penalties thereafter are imposed at an annual rate determined by the New York State Commissioner of Taxation and Finance. In April, the tax roll is returned to the County and taxes plus penalties are payable to the County Commissioner of Finance. The Town retains the total amount of Town, Highway, Special District levies from the total collections and returns the balance plus the uncollected items to the County, which assumes responsibility and holds annual tax sales.

As far as the Town is concerned there are no uncollected taxes. Payment in full of all Town items is guaranteed by the County.

Tax Levy Limit Law

Prior to the enactment of Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law") on June 24, 2011, all the taxable real property within the Town had been subject to the levy of ad valorem taxes to pay the bonds and notes of the Town and interest thereon without limitation as to rate or amount. However, the Tax Levy Limit Law imposes a tax levy limitation upon the Town for any fiscal year commencing after May 31, 2012, continuing through May 31, 2020 as extended, without providing an exclusion for debt service on obligations issued by the Town. As a result, the power of the Town to levy real estate taxes on all the taxable real property within the Town is subject to statutory limitations, according to the formulas set forth in Tax Levy Limit Law.

The following is a brief summary of certain relevant provisions of the Tax Levy Limit Law. The summary is not complete and the full text of the Tax Levy Limit Law should be read in order to understand the details and implications thereof.

The Tax Levy Limit Law imposes a limitation on increases in the real property tax levy of the Town, subject to certain exceptions. The Tax Levy Limit Law permits the Town to increase its overall real property tax levy over the tax levy of the prior year by no more than the "Allowable Levy Growth Factor", which is the lesser of one and two one-hundredths or the sum of one plus the Inflation Factor; provided, however that in no case shall the levy growth factor be less than one. The "Inflation Factor" is the quotient of: (i) the average of the 20 National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the coming fiscal year minus the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, divided by: (ii) the average of the National Consumer Price Indexes determined by the United States Department of Labor for the twelve-month period ending six months prior to the start of the prior fiscal year, with the result expressed as a decimal to four places. The Tax Levy Limit Law also provides for adjustments to be made to the Town's tax levy based upon changes in the assessed value of the taxable real property in the Town. Additionally, the Town will be permitted to carry forward a certain portion of its unused tax levy capacity from the prior year. The Town is required to calculate its tax levy limit for the upcoming year in accordance with the provision described above and provide all relevant information to

the New York State Comptroller prior to adopting its budget. The Tax Levy Limit Law sets forth certain exclusions to the real property tax levy limitation of the Town, including exclusions for tort judgments payable by the Town. The governing board of the Town may adopt a budget that exceeds the tax levy limit for the coming fiscal year, only if the governing board of the Town first enacts, by a vote of at least sixty percent of the total voting power of the Town Board, a local law to override such limit for such coming fiscal year.

The Tax Levy Limit Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation bonds or notes of the Town or such indebtedness incurred after the effective date of the Tax Levy Limit Law. As such, there can be no assurances that the Tax Levy Limit Law will not come under legal challenge for violating (i) Article VIII, Section 12 of the State Constitution for not providing an exception for debt service on obligations issued prior to the enactment of the Tax Levy Limit Law, (ii) Article VIII, Section 10 of the State Constitution by effectively eliminating the exception for debt service to general real estate tax limitations, and (iii) Article VIII, Section 2 of the State Constitution by limiting the pledge of its faith and credit by a municipality or school district for the payment of debt service on obligations issued by such municipality or school district.

The 2012 and the 2014 through 2018 Budgets did not exceed the tax levy limitation.

Tax Levies					
Town Levy	2014	2015	2016	2017	2018
General Townwide	\$2,834,332	\$2,998,982	\$3,067,910	\$3,101,066	\$3,172,905
Highway Townwide	1,126,987	1,340,282	1,356,031	1,357,236	1,391,805
General Part Town	1,304,716	1,281,743	1,306,403	1,358,422	1,433,219
Highway Part Town	1,005,144	1,033,623	1,071,169	1,068,461	1,093,449
Village of South Blooming Grove Police	580,926	592,440	604,288	619,170	648,519
Fire Districts: *					
Washingtonville (Monell)	766,964	781,528	785,982	796,236	813,881
South Blooming Grove (Independence)	417,563	423,261	426,129	468,534	499,560
Salisbury Mills	342,529	350,753	346,036	349,244	345,297
Chester Fire District	149,518	155,994	160,493	150,143	149,890
Light Districts					
Salisbury Mills	4,320	5,482	1,900	1,700	500
Oxford	5,218	5,219	2,500	2,500	750
Ambulance	450,000	435,000	428,400	433,000	441,660
Refuse Districts					
Mt. Lodge	291,447	266,129	319,040	318,140	318,140
Townwide	1,283,538	1,136,668	1,195,299	1,201,961	941,250
Sewer Districts					
Tappan	142,694	145,801	145,801	133,727	128,538
Oxford	16,317	13,756	15,201	16,848	16,393
Glenwood	22,550	22,300	22,125	25,643	22,849
Bull Mill	37,644	30,044	30,044	30,044	24,929
Water Districts					
Oxford	18,761	18,746	18,556	22,755	12,864
Tomahawk	24,663	106,330	95,473	101,693	105,377
Tappan	24,016	23,740	23,740	82,754	79,558
Mt. View	76,636	77,753	83,135	91,962	90,845
Total Town Levy	\$10,926,483.00	\$11,245,574.00	\$11,505,655.00	\$11,731,239.00	\$11,732,178.00

**Large Taxable Properties
2017 Assessment Roll^a**

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>
Orange and Rockalnd Utilities, Inc.	Utility	\$8,530,832
M & H Communities Ltd I	Mobile Home Park	1,390,000
Brotherhood Plaza LLC	Retail	1,275,000
Keen Equities LLC	Seasonal Residents	1,194,800
Washingtonville Manor LLC	Mobile Home Park	1,055,000
Frontier Communications	Utility	980,166
Cromwell Rd Assoc Inc.	Apartments	693,400
Consolidated Edison Co of NY Inc	Utility	648,000
Waterways Associates LLC	Rural Vacant Land	546,950
Alexandra Development Inc.	Retail	486,600
Total ^b		<u><u>\$16,800,748</u></u>

- a. Assessment Roll established in 2017 for levy and collection of taxes during 2018 Fiscal Year.
b. Represents 5.94% of the assessed valuation for 2018 of \$282,879,055.

Tax Certiorari Claims

In common with other municipalities, there are a number of tax certiorari proceedings pending involving properties that are subject to the levy of Town taxes. The plaintiffs in these matters have asserted that their properties are over-assessed and are seeking assessment reductions. A refund of excess taxes is also generally requested. Historically, certiorari claims have been settled through negotiations, resulting in amounts, at times, substantially less than originally claimed. Many settlements provide for future adjustments with no direct outlay of money.

LITIGATION

In common with other towns, the Town from time to time receives notices of claim and is party to litigation. In the opinion of the attorney for the Town, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the Town has not asserted a substantial and adequate defense, nor which, if determined against the Town, would have a adverse material effect on the financial condition of the Town, in view of the Town's ability to fund the same through use of appropriate funding mechanisms provided by the Local Finance Law.

RATINGS

Moody's Investor Services ("Moody's") 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, has assigned a rating of "Aa3" to the outstanding bonds of the Town. This rating reflects only the view of such rating agency and an explanation of the significance of such rating should be obtained from Moody's. There can be no assurance that such rating will not be revised or withdrawn, if in the judgment of such rating agency, circumstances so warrant.

MUNICIPAL ADVISOR

Munistat Services, Inc. has acted as the municipal advisor to the Town in connection with the preparation of this Statement.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from Marilyn Karlich, Town Comptroller, Town of Blooming Grove, 6 Horton Road, Blooming Grove, New York 10914, Phone (845) 496-5223, Fax (845) 496-1362 and email: mkarlich@bloominggrove-ny.gov or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number (631) 331-8888.

Any statements in this Statement involving matters of opinion or estimates, whether or not expressly so stated are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

This Statement is submitted only in connection with the Town's "Undertaking to Provide Continuing Disclosure" pursuant to Rule 15c2-12 as promulgated by the Securities and Exchange Commission and may not be reproduced or used in whole or in part for any other purpose.

TOWN OF BLOOMING GROVE, NEW YORK



By: s/s ROBERT C. JERLOMAN
Supervisor and Chief Fiscal Officer
Town of Blooming Grove
Blooming Grove, New York

June 1, 2018

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Town Wide and Outside Village Funds

	Fiscal Year Ending Dec 31:				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Real Property Taxes	\$ 4,310,789	\$ 4,139,048	\$ 4,280,725	\$ 4,374,313	\$ 4,459,488
Real Property Tax Items	0	87,361	33,583	39,347	44,426
Non-Property Tax Items	1,304,469	1,036,709	952,887	970,271	1,048,424
Departmental Income	328,957	345,508	331,102	420,916	385,046
Intergovernmental Charges	58,000	76,750	151,482	119,148	67,500
Use of Money and Property	58,851	30,516	28,762	36,325	36,590
License and Permits	130,632	90,607	76,911	79,938	88,633
Fines and Forfeitures	164,403	229,266	194,369	176,380	259,838
Sale of Property/Compensation for Loss	1,985	35,831	70,044	45,703	34,693
Miscellaneous	227,123	20,793	188,343	74,523	74,555
Interfund Revenues	168,594	207,734	358,956	84,341	77,419
State and Federal Sources	182,470	411,401	178,091	469,328	540,702
Total Revenues	<u>6,936,273</u>	<u>6,711,524</u>	<u>6,845,255</u>	<u>6,890,533</u>	<u>7,117,314</u>
Expenditures:					
General Support	1,958,410	2,017,646	2,023,188	1,991,131	1,866,361
Public Safety	1,803,294	1,486,594	1,507,713	1,503,278	1,496,194
Health	1,704	1,630	1,791	2,063	1,581
Transportation	107,243	110,109	114,767	111,712	112,669
Economic Assistance and Opportunity	240,457	238,083	182,198	169,629	135,315
Culture and Recreation	451,876	465,889	491,587	488,951	558,723
Home and Community Service	185,241	97,164	90,870	105,171	168,363
Employee Benefits	1,926,934	1,685,322	1,676,337	1,675,173	1,766,076
Debt Service	179,118	168,420	329,166	404,920	251,808
Total Expenditures	<u>6,854,277</u>	<u>6,270,857</u>	<u>6,417,617</u>	<u>6,452,028</u>	<u>6,357,090</u>
Other Sources and Uses:					
Proceeds from Advance Refunding					
Payment to Escrow Agent					
Operating Transfers In	14				
Operating Transfers (Out)					(14,153)
Total Other Sources and Uses	<u>14</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(14,153)</u>
Excess (Deficit) Revenues & Other Sources Over Expenditures & Other Uses	82,010	440,667	427,638	438,505	746,071
Net Adjustments to Fund Balance	51,685		108,123	35,328	10,651
Fund Balance Beg. of Fiscal Year	<u>3,225,148</u>	<u>3,358,843</u>	<u>3,799,510</u>	<u>4,335,271</u>	<u>4,809,104</u>
Fund Balance End of Fiscal Year	<u>\$ 3,358,843</u>	<u>\$ 3,799,510</u>	<u>\$ 4,335,271</u>	<u>\$ 4,809,104</u>	<u>\$ 5,565,826</u>

Sources: Audited Annual Financial Reports of the Town (2013-2016) and Unaudited Financial Reports (2017)

Note: This Schedule NOT Audited.

Statement of Revenues, Expenditures and Fund Balances
Highway Town Wide and Outside Village Funds

	Fiscal Year Ending Dec 31:				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues:					
Real Property Taxes	\$ 2,480,235	\$ 2,132,131	\$ 2,373,905	\$ 2,427,200	\$ 2,425,697
Non Property Tax Items	606,120	527,983	543,722	548,745	548,072
Departmental Income	160,050	134,298			31,210
Intergovernmental Charges	0	9,447	9,447	9,547	9,548
Use of Money and Property	4,806	1,273		24	
Licenses & Permits	420	80	200		
Sale of Property & Compensation for Loss	64,405	132,572	37,369	58,175	7,536
Miscellaneous	11,252	422	1,760	8,824	8,340
Interfund Revenue	0	0	65,527	55,464	89,086
State and Federal Aid	<u>173,882</u>	<u>59,375</u>	<u>178,091</u>	<u>139,313</u>	<u>82,550</u>
Total Revenues	<u>3,501,170</u>	<u>2,997,581</u>	<u>3,210,021</u>	<u>3,247,292</u>	<u>3,202,039</u>
Expenditures:					
General Government Support		3,343	10,889	9,899	11,109
Transportation	2,283,904	2,052,748	2,169,786	1,953,132	1,883,815
Employee Benefits	676,433	705,223	720,641	716,614	749,417
Debt Service	<u>338,120</u>	<u>346,731</u>	<u>374,661</u>	<u>349,652</u>	<u>342,581</u>
Total Expenditures	<u>3,298,457</u>	<u>3,108,045</u>	<u>3,275,977</u>	<u>3,029,297</u>	<u>2,986,922</u>
Other Financing Sources (Uses):					
Proceeds From:					
Operating Transfers In					
Operating Transfers Out					
Total Other Financing Sources (Uses)		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Uses	202,713	(110,464)	(65,956)	217,995	215,117
Fund Balance Adjustments	(71,849)	(68,001)	86,327	(2)	(13)
Fund Balance Beginning of Year	<u>1,196,664</u>	<u>1,327,528</u>	<u>1,149,063</u>	<u>1,169,435</u>	<u>1,387,429</u>
Fund Balance End of Year	<u>\$ 1,327,528</u>	<u>\$ 1,149,063</u>	<u>\$ 1,169,435</u>	<u>\$ 1,387,429</u>	<u>\$ 1,602,534</u>

Sources: Audited Annual Financial Reports of the Town (2013-2016) and Unaudited Financial Reports (2016)

NOTE: This Schedule NOT audited.

Balance Sheet - General Fund

Fiscal Year Ended Dec 31:

	<u>2016</u>	<u>2017</u>
ASSETS:		
Cash and Cash Equivalents	\$ 3,250,667	\$ 4,109,162
Accounts Receivable	190,552	432,226
Due From Other Governments	335,878	104,596
Due From Other Funds	1,006,391	843,773
Prepaid Expenditures	<u>189,365</u>	<u>201,828</u>
Total Assets	<u>\$ 4,972,853</u>	<u>\$ 5,691,585</u>
LIABILITIES:		
Accounts Payable	\$ 130,428	\$ 91,111
Accrued Liabilities	<u>33,321</u>	<u>34,653</u>
Total Liabilities	<u>163,749</u>	<u>125,764</u>
FUND EQUITY:		
Fund Balances :		
Nonspendable	698,476	1,045,601
Assigned	1,938,134	2,169,128
Unassigned	<u>2,172,494</u>	<u>2,351,092</u>
Total Fund Equity	<u>4,809,104</u>	<u>5,565,821</u>
Total Liabilities and Fund Equity	<u>\$ 4,972,853</u>	<u>\$ 5,691,585</u>

Source: Audited Annual Financial Report of the Town (2016)
& Unaudited Financial Report of the Town (2017)

Note: This Schedule NOT audited.

Budget Summaries

Fiscal Year Ending December 31, 2017

	<u>Appropriations</u>	<u>Less Estimated Revenues</u>	<u>Less Unexpected Balance</u>	<u>Amount To Be Raised By Tax</u>
General Fund - Townwide	\$ 4,384,031	\$ 1,062,965	\$ 220,000	\$ 3,101,066
General Fund - Town- Outside Village	2,773,022	1,139,600	275,000	1,358,422
Highway Fund-Townwide	1,456,823	99,587		1,357,236
Highway Fund-Town Outside Village	1,756,461	613,000	75,000	1,068,461
VSBG Police	<u>649,170</u>	<u>0</u>	<u>30,000</u>	<u>619,170</u>
Totals	<u>\$ 11,019,507</u>	<u>\$ 2,915,152</u>	<u>\$ 600,000</u>	<u>\$ 7,504,355</u>

Budget Summaries

Fiscal Year Ending December 31, 2018

	<u>Appropriations</u>	<u>Less Estimated Revenues</u>	<u>Less Unexpected Balance</u>	<u>Amount To Be Raised By Tax</u>
General Fund - Townwide	\$ 4,618,658	\$ 1,105,753	\$ 340,000	\$ 3,172,905
General Fund - Town- Outside Village	2,883,467	1,205,248	245,000	1,433,219
Highway Fund-Townwide	1,531,352	99,547	40,000	1,391,805
Highway Fund-Town Outside Village	1,803,449	637,000	73,000	1,093,449
VSBG Police	<u>688,519</u>	<u>0</u>	<u>40,000</u>	<u>648,519</u>
Totals	<u>\$ 11,525,445</u>	<u>\$ 3,047,548</u>	<u>\$ 738,000</u>	<u>\$ 7,739,897</u>

Source: Adopted Budgets of the Town

TOWN OF BLOOMING GROVE

APPENDIX B

**UNAUDITED ANNUAL FINANCIAL REPORT UPDATE DOCUMENT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND/OR UPDATED IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS HAS NOT BEEN REQUESTED OR OBTAINED.